RJ Reynolds
Tobacco Company

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E Mail
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To: All Retail Divisions With Responsibility For Contacting Hess Locations

Applicable Chain ID Numbers	
0353-02-01	0353-03-01
0353-02-02	0353-03-02
0353-02-03	0353-03-03
0353-02-04	0353-03-04
0353-02-05	0353-03-05
0353-02-06	0353-03-06
0353-02-07	0353-03-07
0353-02-08	0353-03-08

RE: Contract Compliance- Remainder of 1996

As a result of the threat of non compliance from Philip Morris, Hess Headquarters has sent the following direction to its stores with regard to the number of Savings Brand Facings (on backbar locations):

- If the total number of Savings facings of DORAL, SIGNATURE (plus any other RJR Savings Brand displayed), and GPC is not more than 50% of the total Savings (Vs. Basic and Cambridge) facings the display configuration is in compliance.
- If the total number of Savings facings of DORAL, SIGNATURE (plus any other RJR Savings Brand displayed), and GPC is more than 50% (Vs Basic and Cambridge) of the total Savings facings the store is directed to remove the SIGNATURE Display and place the Brand on the DORAL Display. Stores are also being directed to save the

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SIGNATURE Display pending announcement of the 1997 Display Program.

- Additionally, if GPC has more than 8 total facings stores have been directed to notify Headquarters.

This compliance issue has been raised as a result of:

> Some stores having a smaller Philip Morris Savings Display (16 facings) than required.
> Some stores having more than 8 GPC facings.
> Some stores having more than 16 facings on the DORAL Display.

In any event, if you find any Hess Locations where the SIGNATURE Display has been removed, and our total Savings Facings have been reduced, it does not place our Retail Partners Program Contract in compliance. Our Partners Contract calls for 32 facings. If we have 16 Full Price facings and 16 Savings facings the call is in compliance.

I will be meeting with Hess in the next few weeks with the objective being to standardize the display program for all stores.

In the meantime, as you contact Hess Locations, please ensure that in the majority of stores where it will not be necessary to reduce facings that all **"Pack Blockers" have been properly placed as directed. That is, 1- pricer kit blocking out 2 facings on the SIGNATURE Display, and 1 pricer kit, and 1 standard kit blocking out 4 facings on the DORAL Display. There are to be no exceptions. Additionally all stores should have a DORAL Savings Display with capability for 16 product facings. No larger displays should be on location.**

It's extremely important that your Retail Representatives understand and follow-through on the above. Please call me if you have any questions.

Best Regards,

Nick Kuruc

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